
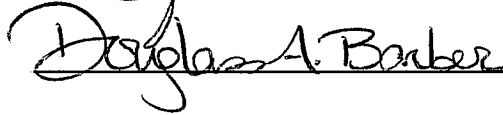


APPROVED: Meeting No. 04-13

ATTEST:

MAYOR AND COUNCIL
ROCKVILLE, MARYLAND

October 15, 2012

7:00 p.m.

Meeting No. 33-12

PRESENT:

Mayor Phyllis Marcuccio, Councilmember Tom Moore, Councilmember Bridget Donnell Newton, and Councilmember Mark Pierzchala. Councilmember John F. Hall, Jr. was absent.

STAFF PRESENT:

City Manager Barbara Matthews, City Clerk/Treasurer Doug Barber, and City Attorney Debra Daniel.

1. Convene

The Mayor and Council convened in a regular meeting at 7:00 p.m. on Monday, October 1, 2012, in City Hall, 111 Maryland Avenue, Rockville, Maryland.

2. Pledge of Allegiance

Mayor Marcuccio led the Pledge of Allegiance.

3. Agenda Review

City Clerk Barber advised that there were no changes to the agenda.

4. City Manager's Report

City Manager Matthews reminded all that the new Police Headquarters would be dedicated on Saturday, October 20, 2012. Ms. Matthews also noted that the Antique and Classic Car Show event was scheduled for Saturday, October 20, 2012, held at Glenview Mansion. City Manager Matthews mentioned the upcoming Rockville Summit scheduled for Saturday, November 3, 2012, and encouraged all to attend.

Mayor Marcuccio noted that the City of Rockville has been recognized by Bethesda Magazine and Bethesda Green as local green champions in an article called "The Sky is the Limit" where the City received a plaque and noted an article was to appear in the November/December issue of Bethesda Magazine. Mayor Marcuccio advised that the City now has City ties and scarves with the City flag that are available for purchase from the City Clerk's office.

5. Appointments/Reappointments and Announcement of Vacancies

Mayor Marcuccio read the vacancies for the following Boards and Commissions: Board of Appeals, Historic District Commission, Human Services Advisory Commission, Planning Commission, Sign Review Board, and Traffic and Transportation Commission. Mayor Marcuccio closed by encouraging residents to visit the City's website for information on how to apply.

6. Proclamation Declaring the Week of October 15-19, 2012, as Economic Development Week in the City of Rockville

Councilmember Pierzchala read the Proclamation.

Motion: To declare the week of October 15-19, 2012, as Economic Development Week in the City of Rockville.

Moved by Councilmember Pierzchala, seconded by Councilmember Newton and unanimously approved.

Councilmember Pierzchala introduced Laurie Boyer, Executive Director of Rockville Economic Development Inc. (REDI), and Lynne Benzion, Associate Director of REDI. They both accepted the proclamation and noted upcoming events with regards to economic development.

7. Rockville Economic Development Inc. Update

Laurie Boyer, Executive Director, provided Rockville Economic Development Inc. (REDI's) quarterly update with a powerpoint presentation. Ms. Boyer mentioned the Women's Business StartRight! Competition with receipt of forty-two full business plans submitted with four winners announced. The awards were presented at the Women's Power Conference. An invitation to the Women's Business Center Second Anniversary Celebration at VisArts would be forthcoming to the Mayor and Council. Ms. Boyer mentioned the Regal Row parking project happening with the new hotel mixed use development and REDI's support and involvement with the 2012 Rockville Summit. Ms. Boyer concluded by offering to answer any questions from the Mayor and Council.

Mayor Marcuccio asked how the Regal Row Parking is going to work in connection with Town Square. Ms. Boyer responded that the maps will include the three parking garages in Town

Square and that Federal Realty is working with Neighborhood Resources staff to see if there are more ways to develop a partnership to promote the program.

Councilmember Moore asked when the Regal Parking lot would be closed down and no longer available to the public. Laurie Boyer responded that the developers were anticipating a November 1, 2012, date.

8. Citizens' Forum

<i>Citizen</i>	<i>Issue</i>
Cathy Berman	Fireside Park Apartments purchase by RHE
Cindy Cotte Griffiths	Stepping Stones Award Ceremony and Fireside Park Apartments purchase by RHE
David Khoury	Fireside Park Apartments purchase by RHE

9. Mayor and Council's Response to Citizen's Forum and Announcements

Councilmember Moore	Thanked Cindy Cotte Griffiths for her report.
Councilmember Newton	Thinks a conversation with Priderock would benefit the City of Rockville on the Fireside Park Apartments issue.

10. Public Hearing #2 on Chapter 16 – Ethics Ordinance Revisions

The Mayor and Council convened a second Public Hearing on Chapter 16 (Ethics Ordinance) proposed revisions at 7:57 p.m. Mayor Marcuccio verified with the City Clerk that the public hearing had been properly advertised.

Mayor Marcuccio noted that no one signed up to present testimony; Mayor Marcuccio closed the Public Hearing and advised the record would remain open until October 22, 2012, at 5:00 p.m.

The Mayor and Council closed the public hearing at 7:59 p.m.

11. Presentation – Approval of Rockville 2012 Citizen Survey Instrument and Process

Louise Atkins, Council Support Specialist, addressed the Mayor and Council to obtain feedback on the Citizen Survey instrument and process. Ms. Atkins introduced Tom Miller, President of National Research Center, who presented an overview of the Citizen Survey, discussed some of the changes made to the survey instrument, answered questions, and gave detailed explanation and clarification to comments, suggestions and changes to the survey from the

Mayor and Council. Mr. Miller noted he would work with staff to finalize the survey according to the Mayor and Council's recommendations.

12. Discussion – State of the FY 2014 General Fund Budget

City Manager Barbara Matthews made opening comments on the FY14 budget. Ms. Matthews thanked all for their time devoted to the budget and noted adoption of the budget is the single most important legislative action the Mayor and Council takes each year. City Manager Matthews also thanked Director of Finance Cohen and Budget and Finance Manager Webster for all their work now and going forward.

Ms. Webster provided a brief presentation focusing on the General Fund and the tools used to develop the General Fund budget. Councilmember Pierzchala asked to be reminded of the reason for the change in the General Fund balance. Ms. Webster explained that it was due to tighter revenue and expenditure budgeting and how the actuals came in (meaning that the expenditures and revenues came in right on target) plus the transfer of money in 2011 into the Capital Projects Fund that was above the reserve requirement in order to eliminate a debt issue that was planned for the future.

Councilmember Newton asked for recommendations for cuts that would avoid a tax increase going forward and why the City is making calculations for reserve requirements using only the unassigned portion of our General Fund reserves and not the total fund balance. Ms. Webster noted one change made in July 2012, the Mayor and Council approved a new financial management policy that is consistent with a recent update to an accounting standard, GASB 54. This account standard redefined what fund balance is and what portions of the fund balance represent and the City decided to use unassigned fund balances because it takes out the non-spendable portion of the fund balance. Ms. Webster did comment that the balances shown in Table 1 for 2011, 2010, 2009 and 2008 include items considered non-spendable and 2012 does not. 2011 in prior years did include the inventory and advances and 2012 and 2013 do not because of the definition change, so Table 1 is consistent with the old definition and the new definition.

Councilmember Pierzchala noted that GASB has in a number of areas tightened up language, standards, and requirements and it always means it's a rougher budget to balance. Councilmember Pierzchala requested more clarification on the non-spendable portion of the fund balance for next week's discussion.

Councilmember Pierzchala questioned the Parking Fund Five-Year Forecast and the transfer from the General Fund into the Parking Fund and what flexibility there was. Ms. Webster stated there could be flexibility depending on certain scenarios but Finance Director Cohen responded that flexibility is reduced by the amount of money spent in FY12 on litigation. Councilmember Moore noted that the City won the litigation and questioned where the money would go if any money was received from the countersuit. Director Cohen stated it would go back into the Parking Fund.

Councilmember Pierzchala questioned the caregiver agency increase and wondered if this was an historical increase. Ms. Webster responded that it is an assumed increase in the proposed budget as a cost of living adjustment that employees receive and then it is adjusted as the City moves forward in the process.

Councilmember Moore asked about the highway user revenues expected and wondered if the State Highway Administration was estimating the amounts in years 2015 thru 2017. Ms. Webster responded that they have only provided information for FY14.

Mayor Marcuccio was not comfortable with the administrative Cost Allocation Program (CAP) and states it is driving the budget to some degree. Ms. Webster responded that the majority of the CAP charges are based on the administrative services of the City which is primarily made up of employees and the CAP is continually increased along with employee salaries to keep it fair from year to year.

Councilmember Piezchala questioned the reserve and the risk of falling below the 15% and asked if it was quantifiable or expressible and was concerned about tax duplication. Ms. Webster responded that the City should remain comfortable within the 15% and that for FY13, the City has already received the total amount for tax duplication revenue so that is not in jeopardy.

Director Cohen mentioned the budget questionnaires given to the Mayor and Council and asked for direction from the Mayor and Council. The Mayor wanted to see the option of "no opinion" put back on the survey. Councilmember Newton's concern was that the survey tends to box Councilmembers into positions that might be difficult to want to hear another point of view or change their mind.

City Manager Matthews stated it was her budget as she is charged with submitting one to the Mayor and Council but ultimately it is everyone's collective budget and the Mayor and Council has to adopt the budget. The surveys would give her some insight into what each of the Mayor and Council think as elected officials, but ultimately she is looking for what the collective body thinks and the direction of the Mayor and Council.

The Mayor and Council discussed the survey and the "no opinion" column at length offering suggestions to staff on improvements to the survey. The Mayor and Council would like to see what the real costs are with the CIP. Stacey Webster asked for consensus on the reformatting of the survey tool as modified by Councilmember Pierzchala's suggestions to have it back to the Mayor and Council in December or January. Councilmember Moore requested that Finance reach out to Councilmember Hall to get his thoughts since he was absent.

Note for the Record: The Mayor and Council took a short break at 9:33 p.m. The Mayor and Council reconvened the meeting at 9:42 p.m.

13. Discussion – City Employee Compensation

Budget and Finance Manager Webster addressed the Mayor and Council with the staff report and a power point presentation provided for the discussion to give the Mayor and Council a better understanding of total employee compensation which is comprised of salary as well as all benefits provided to employees. Councilmember Newton thanked those involved for their work and commented on how well the information had been laid out to really give the Mayor and Council an opportunity to understand.

The Mayor and Council discussed the issue at length with staff responding to questions of clarification posed by the Mayor and Council. Acting Director of Human Resources Colette Anthony will provide the Mayor and Council a hard copy of the 2008 comparative study for employee compensation. City Manager Matthews requested direction from the Mayor and Council to move forward with one of the options presented to them on the employee compensation plan. Councilmember Pierzchala requested that direction be held off until the following week in anticipation of Councilmember Hall's return.

14. Review and Comment Regarding Mayor and Council Action Report

Councilmember Newton mentioned a minor typo on page # 2 of the Action Report. City staff will correct.

15. Review and Comment Regarding Future Agendas

Councilmember Pierzchala suggested the Rockville Summit report be held on November 19, 2012 which would be two weeks after the last Summit. City Manager Matthews mentioned the scheduled discussion next week regarding Fireside Park Apartments and Rockville Housing Enterprises (RHE) proposed acquisition. It was envisioned the Council would hold a worksession and make a decision that evening and Ms. Matthews wanted confirmation that the Mayor and Council were still comfortable with that proposed timeline or should the staff schedule two separate agenda items, a discussion only on October 22, 2012, and further discussion on October 29, 2012.

Councilmember Pierzchala noted that part of the answer was whether a three page summary would be provided by October 22, but stated it was such a daunting item to evaluate. From the Priderock perspective it was huge risk and from RHE perspective it was little risk.

Councilmember Pierzchala asked for ideas on how to evaluate the issue. City Manager Matthews noted on next week's agenda there were a number of items requested by the Mayor and Council including the three page summary, staff's assessment of a cost benefit analysis, and a map of affordable housing units in the City. Ms. Matthews stated all of this information would be provided in the packet for next week's meeting. However, getting the items to the Mayor and Council but not having an opportunity to discuss them was the reason for City Manager Matthews' inquiring if the items should be broken down into two sessions? The Mayor

and Council discussed the issue at length with input from the Department of Finance of an in-depth overview on what direction the City should take in making the decision on the issue.

City Manager Matthews advised that when the decision and direction is made by the Mayor and Council, there will be the need to do two resolutions for consideration. One resolution on whether or not the Mayor and Council wish for RHE to acquire the property irrespective of any City funding, and the other resolution dealing with the issue of City funding.

Mayor Marcuccio wanted the Council to take a look at Items # 14, #15, #16 and # 17 which are always areas that cause the meetings to go past midnight. Mayor Marcuccio asked if there was a way to adjust what is done so that some of the information is passed earlier in the meeting. The Mayor and Council discussed the issue at length. Mayor Marcuccio concluded with suggesting that the Mayor and Council Liaisons to Boards and Commissions Report be moved to follow the Citizen Forum portion of the agenda.

16. Mayor and Council Liaisons to Boards and Commissions Report

Councilmember Pierzchala encouraged all to vote no on Question 5 for the general election ballot.

17. Old/New Business

No items to report.

18. Adjournment

There being no further business, the Mayor and Council adjourned at 11:18 p.m.

Motion: To adjourn.

Moved by Councilmember Moore, seconded by Councilmember Pierzchala and unanimously approved.